

CENTRAL INTELLIGENCE AGENCY
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Representatives of eight Western banks--six from Western Europe and two from the US--will meet in Zurich Monday to discuss Warsaw's failure to pay \$350 million of the interest required to meet the conditions for rescheduling 1981 private debt. Some West European banks probably will propose lending new money to cover at least part of the interest. American banks and other West Europeans, however, will oppose new loans. Some banks have already decided to write off part of their Polish loans.

It seems clear that the 1981 private debt rescheduling will not be signed by the end of the year as planned. This will complicate Poland's drive for \$10 billion in debt relief and new loans to cover 1982 debt service. Western governments are continuing with aid and credits now in the pipeline, but the climate for additional money has worsened with the imposition of martial law.

In a rather tepid commentary, TASS International Service has criticized the Reagan-Kirkland meeting and the AFL-CIO role as the CIA's "trojan horse" in Poland. TASS charged, for the first time, that US diplomatic channels have been used to deliver printing and other equipment to Solidarity. These charges are, however, far less inflammatory than those made yesterday, which included the claim the US consulates were used to broadcast statements to "sow unrest among Poles." (U)

The regime faces several key tests in the next few days: a job boycott scheduled for today, the bishops' statement criticizing the imposition of martial law to be read in the churches tomorrow, and the scheduled return to work on Monday of the militant shipyard workers in Gdansk.

We have sketchy reporting on the success of the boycott. The Embassy has commented that traffic has been much heavier than has been the case on recent non-working Saturdays, suggesting that some workers may be at least going to their jobs. With the restrictions on communication and movement within Poland, however, we may not learn how extensive the boycott has been.

The bishops' statement which clearly states that the Church is dedicated to freeing of prisoners and lifting the suspension of Solidarity's right to exist and act, could encourage the public to engage at least in passive resistance to the regime's measures. The Church reportedly has talked with the regime and Walesa, and according to press reports, Walesa, in addition to

calling for massive passive resistance and selective strikes, has appealed to the Church for help.

Strike activity has fallen off, but the start of a new work week could bring sporadic strikes. We expect that some strike activity and demonstrations will continue for the near future, depending upon regime moves.